

# **EXHIBIT CN**

## **[PUBLIC VERSION]**

## FEDERAL RESERVE BANK of NEW YORK

33 LIBERTY STREET, NEW YORK, NY 10045-0001

MICHAEL HELD  
GENERAL COUNSEL AND  
EXECUTIVE VICE PRESIDENT

May 16, 2018

Thomas E.L. Dewey  
Dewey, Pegno & Kramarsky LLP  
777 Third Avenue  
New York, New York 10017

Dear Mr. Dewey:

I write in response to your letter dated April 30, 2018 demanding that the Federal Reserve Bank of New York (the "New York Fed") formally advise TNB USA Inc. ("TNB") that it is prepared to open a master account. The New York Fed, in consultation with the Board of Governors of the Federal Reserve System ("Board of Governors") (collectively, the "Federal Reserve"), is not currently in a position to make such a representation. In this regard, please note that senior policy officials at the Board of Governors have expressed the strong view that the New York Fed should not approve TNB's request for a master account.

First, contrary to your suggestion, we have not yet reached a conclusion as to whether TNB is eligible for a master account. As you know, TNB's business model is unique and novel. The Federal Reserve continues to analyze how the Federal Reserve Act should be applied in this context, and whether TNB qualifies under the Federal Reserve Act as a depository institution that is eligible to maintain deposits at a Federal Reserve Bank.

Second, as your client is well aware from its communications with staff at the Board of Governors, there are substantial public policy concerns regarding TNB's business model, whose sole purpose is to arbitrage the Federal Reserve's Interest on Excess Reserves ("IOER") rate. The Federal Reserve continues to evaluate these concerns and to analyze the potential conflicts that could arise between TNB's business model and the Federal Reserve's monetary policy and financial stability functions.

Very truly yours,

Michael Held

c: William C. Dudley  
Mark E. Van Der Weide

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